



TO: Banks Committee

FROM: CATIC®

RE: Statement In Regard to Senate Bill No.130 (LCO No. 363), An Act Concerning The Payment of First or Secondary Mortgage Loan Proceeds by Wire Transfer

I am writing to offer Connecticut Attorneys Title Insurance Company's ("CATIC's or CATIC") comments on Senate Bill 130. CATIC is the nation's largest Bar-Related® title insurance underwriter. The company has seven offices throughout New England, and issues its policies through a network of more than 2,000 attorney agents.

Senate Bill No. 130 would obligate lenders making residential mortgage loans in Connecticut that choose to utilize wire transfers to send loan proceeds to a mortgagee's attorney to transfer the loan proceeds to the bank that holds the account of the mortgagee's attorney by a wire transfer not later than the scheduled date and time of the closing of the loan or, in the case of a mortgage refinancing where any right of rescission under 12 CFR 226.23 has terminated not later than the disbursement date.

This is what our agents tell us about the problems that continue to occur at residential closings when the lender's funds do not arrive by the commencement of the closing. Those problems consist primarily of turning an actual closing into an escrow situation, creating a great deal of uncertainty for all parties involved. The problem is particularly acute when a party is involved in "back-to-back" closings, i.e., selling at first closing and then proceeding to buy immediately thereafter, or the scenario involving the so-called "domino effect" wherein, until the initial closing is completed, a series of other closings based on the completion of the first cannot be completed.

The suggestion that it is not in lenders' best interest to send the wire before the lender has received and reviewed copies of signed closing documents itself creates a de facto escrow closing where significant uncertainty arises for the parties to that closing. The lender in initiating a wire to the closing attorney at the start of the closing certainly can condition the use of the funds on its receipt, review and approval of scanned signed closing documents. The other issue is the timeliness of the lender transmitting its approval of the documents and authorizing the release of the funds.

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